

Enterprise IT Financial Workgroup

Meeting Minutes October 5, 2015

Attendees	
<i>Meeting Chairperson: Ron Baldwin, State CIO</i>	
Jenifer Alger	State Information Technology Services Division
Tim Bottenfield	Department of Revenue
Becky Buska	Judicial Branch
Sky Foster	Department of Agriculture
Stuart Fuller	Department of Public Health and Human Services
Dale Gow	Legislative Services Division
April Grady	Department of Corrections
Cheryl Grey	Department of Administration
Rose Harmon	Central Services Division
Kiela Harris	Department of Corrections
Mary Hunt	Department of Agriculture
Teri Juneau	Department of Commerce
Larry Krause	Department of Commerce
Terry Lazure	Department of Environmental Quality
Libbi Lovshin	Department of Agriculture
Lisa Mader	Montana Supreme Court
Kim Moog	Department of Labor and Industry
Tammy Peterson	Judicial Branch
Jay Phillips	Office of Public Instruction
Tricia Schiltz	Department of Natural Resources and Conservation
Kris Schmitz	Montana State Library
Natalie Smitham	Department of Labor and Industry
Cindy Trimp	Department of Revenue
Sherri Vukasin	Department of Public Health and Human Services
<i>Meeting Minutes Recorded by: Samantha Cooley</i>	

I. Welcome & Introductions, Ron Baldwin

II. Policy 316, Ron Baldwin

Today's meeting is designed to gather all of the concerns, related to Policy 316, from the workgroup. Both expenditures and job codes will be discussed. Cheryl Grey will be an advisor during this process. A list of concerns has already been sent in an email. Please continue sending all concerns/questions to Jenifer Alger. In particular, the following areas will be addressed today:

1. Use Cases
2. Specific holes in account descriptions
3. Coding purchased items
4. Job Codes

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After the concerns have been discussed, Cheryl Grey and Jenifer Alger will update the policy and send out a new draft.

III. Use Cases Discussion

Use Case 1 (Becky Buska)

“We know that when we buy a whole computer system, intact with a desktop computer, monitor, keyboard etc. that gets coded to “computer hardware.” What about if we are buying just a printer or scanner? Are those considered supply items or computer hardware?”

Discussion:

- Uniform Grant Guidance has changed the definition of equipment vs. supplies. In the past laptops, computers, etc. were considered equipment, they are supplies as long they meet a specific threshold. –Jay Phillips
- In the past, we have coded these things as supplies, given they fall under the threshold. A server over \$5K would be considered equipment. However, our desktop machines are not included in asset management. –Becky Buska
- Computers and printers should fall under “computer hardware” given they are not expendable supplies, such as ink and toner.
- We have been coding networked printers, MFP’s, as equipment whereas standalone/desktop printers are coded as office equipment. –Sherri Vukasin
- Office supplies and minor equipment are not considered to be IT expenditures and should not roll up into IT. Account 62241 is “Office Supplies”.

Use-Case 1 Outcome/Decision: Any minor computer peripherals, (keyboards, mice, monitors, printers, flash-drives, discs etc.) should be recorded under account 62245. Ink, cartridges and other consumables *should not* be recorded as IT and, subsequently, be coded to account 62241.

Action: Go back to the first of the fiscal year and make changes to reflect this adjustment in policy. The size of the agency and what materiality means to the agency should be considered while making changes.

Action: Update Policy 316 with changes as stated above.

Use Case 2 (Tricia Shiltz)

“I am concerned with radios, more so than radio batteries, I would like to know how others with radios feel.”

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Discussion:

- COR uses radios within their facilities and in the PNP vehicles. They code radios to the radio's account as an IT expense.
- DNRC has radios, in the past, they have been part of the Forestry Division and not counted as an IT expense.
- Radios fall under "communications", phones are being counted as IT, for that reason radios should be too.

Use Case 2 Outcome/Decision:

- 3.1 Radio's fall under "communications" and should be coded as an IT expense.
- 3.2 Cases of batteries bought in bulk within agencies that can be used for a multitude of reasons are consumables and should *not* be coded as IT.
- 3.3 Special batteries, bought for the sole purpose of operating a radio and/or can only be used in a radio, should be included with the battery and counted as an IT expense.

Ron commented he is hearing from both of the use cases, so far, is that we are summarizing this down to anything that is an electronic device that results in computing or storage or anything related to that device required for its use.

Use Case 3 (Terry Lazure)

"What about drones? Our agency has several drones that are used to take aerial photos. In general they cost around \$2K/drone."

Discussion:

- Stuart Fuller relayed this question back to the blood machine example. Should a blood machine be considered an IT expense? What about survey equipment or specialized GPS units?
- If the main intent is for electronic computing or storage, communications or ancillary pieces of equipment required for that computing, storage or communication it should be counted as IT. It seems that even though cameras have a digital aspect, their main function is not IT and they should not be included as an IT expense. –Ron Baldwin
- At the Judicial Branch, they have a central budget for IT, if they buy a camera to take pictures of a courtroom or to take pictures of serial numbers, that seems like it should be IT. JUD has an IT technician that is responsible for taking that camera out and taking pictures. –Tammy Peterson
- That camera (JUD) could be used for several other purposes. It's different if there is a machine in the courtroom that is dedicated to videography, the recording and streaming of the courtroom proceeding. –Ron Baldwin
- This comes down to whether or not this is a centralized IT function vs. a non-centralized IT function. DOA has a centralized IT department, within that IT department papers and pens are

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bought and rent is paid. All of those costs are paid within that IT department but not IT related. IT travel is another example. –Cheryl Grey

- This time around, we are going more for consistency rather than accuracy. –Jenifer Alger

Use Case 3 Outcome/Decision:

- 4.1 Drones are not an IT expense and should *not* be coded as such.
- 4.2 Handheld GPS Units are survey equipment and should *not* be coded as an IT expense.
- 4.3 Satellite Phones fall under communication and therefore should be coded as an IT expense.

Action: Jenifer Alger will update the description of account 62245 to further clarify.

Use Case 4 (Tammy Peterson)

“Going back to the cameras, we have security cameras for our court that are attached to a computer/DVR to be displayed on machines. We are coding that as an IT expenditure to 62245-C.”

Discussion:

- DLI has both audio and video recordings of their hearings, the system should be considered IT, not the tapes. –Kim Moog
- The recording of Legislative hearings should also be IT. –Stuart Fuller

Use Case 4 Outcome/Decision: Surveillance equipment, anything closed circuit, providing surveillance or is directly connected to the capturing imagery and video feeds for surveillance purposes should be IT and, in fact, should be recorded to 62245-C.

Use Case 5 (Stuart Fuller)

“Going back to the blood machine example...we have lab equipment, a lot of you have lab equipment, we have a specific PC tied to that lab equipment that we bought along with the lab equipment, is that machine an IT expense?”

Discussion:

- If the PC/blood Machine are separately invoiced, the PC should be IT. If they are invoiced together, the PC is integral to the machine, it's acting like a PC but cannot be removed from the system, then it's not an IT expense, it's part of the blood machine.

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Another example is the door badge system. The readers and controllers really are the door badge system. There is a server on the back end collecting logs. The server/software is an IT expense. We could argue the controllers and readers are IT, however, although realistically, they are not. Also, regarding HVAC, the specific software controlling HVAC is an IT expense, the actual controllers for HVAC are not an IT expense. It's an integral function of that thing, not a separate, stand-alone piece of equipment that could be used for a different IT function.

The philosophy should be, if you can't easily decouple it, then it is part of the machine and should not be counted as IT. –Stuart Fuller

- From an Asset Management perspective, when buying a whole piece of equipment, the whole piece of equipment is recorded as one asset. In this (blood machine) case, the equipment purchased and the PC purchased to run the equipment, should all be recorded as part of the asset and the function of that asset is classified as medical. It's not IT related. –Becky Buska
- If the PC needs to be replaced it's still operating something where the primary purpose is medical, not IT. The purpose of the purchase is for the lab equipment. –Mary Hunt
- Essentially, this all ties back to the primary purpose and the original intent for the purchase. –Ron Baldwin

Use Case 5 Outcome/Decision:

5.1 From an asset management perspective, keeping the equipment and all the pieces required for it to function together makes sense. Equipment should be coded according to its primary function and original intent.

5.2 A replacement fan (for example) or PC would fall under "repairs and maintenance".

Use Case 6 (Tammy Peterson)

"Sometimes when buying in bulk, we get a better price, that falls under the \$5K threshold. We bought video/conferencing units in bulk that ended up below the \$5K threshold, if we hadn't bought them in bulk it would have been above the \$5K threshold. How is this coded?"

Use Case 6 Outcome/Decision: It should be recorded as IT equipment whether it's a "62xxx" account or a "63xxx" account. They will both be captured within Volume 10, the only difference being whether or not it's depreciated.

◆End of Use Cases

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IV. Job Codes

Jay Phillips commented he is concerned that by looping all of these costs together, when this is presented to the Legislature, our IT costs will be overinflated. This will be caused by lumping in program specific operational costs, that are not associated with actual IT system support costs. At OPI, there are a lot of things that don't fit into the "cookie cutter". One of the key items we need to clarify is what does the Legislature consider IT costs. Does this mean the costs associated with supporting state government networking services or do they consider program specific costs as overall IT. If we don't clarify their intended target of costs, then based on the previous examples many agencies will present over inflated IT costs. This also extends out to the classification of IT equipment. If we consider IT costs as system/network related, then again operational support equipment should not be classified as IT costs (ex. Communication Devices for Programs – hand walkie-talkies).

For example, OPI has programmatic federal funding that covers the cost of hiring a data specialist to figure an allocation for a certain school district. Due to the nature of their work, this job is classified as an IT job code on the list, however, that shouldn't go towards overall IT system support costs.

There are a lot of DPHHS positions that are data control technicians. They gather data and compile it, but it has nothing to do with IT. This is also a concern for Montana State Library. According to the list of job codes, all of MSL is IT because of the GIS analysts. Unfortunately, the job classification system codes certain people, primarily supporting a program function, as IT. There is not time to go back through and reclassify all positions. In addition, changes made won't be funded by the Legislature.

Defining IT Job Codes

Ron Baldwin commented that the differentiator is whether the position is related to supporting the function of IT or is the position utilizing IT to support its primary purpose and mission.

Inquiry, Ron Baldwin:

"Regardless of classification, it is possible to tease out what really is supporting IT based on factors such as the classification, the position, the person and their primary function?"

Response, Cheryl Grey:

"If you use specific job codes, whatever the list of job codes, you can do it systematically. If you consider factors such as who, the position, the job code, then each agency will need to take that upon themselves and they will need to somehow, consistently report that."

MSL stated they were willing to accept that responsibility, given what is at stake. They are concerned if an LFD analyst pulls their job codes they won't match up, putting them in a difficult situation.

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Ron responded that is what Volume 10 is all about, to properly annotate and explain everything included.

Action: Ron will speak with the LFC, conveying the results of these discussions. He will explain that these are the guidelines from which the IT Managers, Finance Managers, Analysts and CIO's have agreed to record all of their IT expenditures.

Modifying Job Codes in Policy 316

There are mathematical/operational positions included in the IT job codes, those should be pulled out.

Action: each agency should pull a report on what would be picked up on the job codes and go through the report with a budget analyst to determine what should be removed.

Action: Agencies should discontinue reclassifying any positions (related to this discussion) with their HR Department.

Ron commented that when this information is submitted, there will be a review/approval process to ensure everything is accurate and consistent.

V. Supervisory Control and Data Acquisition (SCADA)

Ron commented that going back to the blood system, SCADA could be used to determine system classifications.

SCADA: A system that operated with coded signals over communication channels to provide control of remote equipment. SCADA systems are systems that control a particular piece of hardware to perform a task. In general, this definition can be used to decide if an asset (device/machine) uses IT only to control its core function (SCADA-based), and is therefore not an IT-based expense.

More information on definitions, policies and procedures will be discussed soon.

Meeting Adjourned: 3:04 p.m.

Next Meeting Information: TBA

VI. Summary of Action Items

Action: Go back to the first of the fiscal year and make changes to reflect this adjustment in policy. The size of the agency and what materiality means to the agency should be considered while making changes.

Action: Update Policy 316 with changes as stated above.

Action: Jenifer Alger will update the description of account 62245 to further clarify.

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Meeting Minutes Draft Submitted by: Samantha Cooley

Date of Submission: 10/8/2015

DRAFT